

**Senate Bill No. 1353**

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Passed the Senate August 19, 2014

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*Secretary of the Senate*

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Passed the Assembly August 18, 2014

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*Chief Clerk of the Assembly*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2014, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to amend Section 51244.3 of, to amend and repeal Sections 16142, 16142.1, and 51244 of, and to repeal Section 51244.4 of, the Government Code, relating to local government.

## LEGISLATIVE COUNSEL'S DIGEST

SB 1353, Nielsen. Local government: Williamson Act.

Existing law, the Williamson Act, authorizes a city or county to enter into contracts with owners of land devoted to agricultural use, whereby the owners agree to continue using the property for that purpose, and the city or county agrees to value the land accordingly for purposes of property taxation. Existing law sets forth procedures for reimbursing cities and counties for property tax revenues not received as a result of these contracts. Existing law sets forth the term of these contracts at 10 or 20 years, except that until January 1, 2016, a county may, in any fiscal year in which payments authorized for reimbursement to a county for lost revenue are less than  $\frac{1}{2}$  of the participating county's actual foregone general fund property tax revenue, revise the term for newly renewed and new contracts to either 9 or 18 years. Existing law provides for an addition to the assessed value of properties subject to contracts with a reduced term.

This bill would delete the January 1, 2016, date and thereby authorize a county to utilize the process for revising or entering into contracts so as to specify 9-year or 18-year terms indefinitely. The bill would additionally authorize a county to utilize that process for revising or entering into contracts for land subject to a farmland security zone contract. The bill would also make conforming changes.

*The people of the State of California do enact as follows:*

SECTION 1. Section 16142 of the Government Code, as amended by Section 1 of Chapter 90 of the Statutes of 2011, is amended to read:

16142. (a) The Secretary of the Natural Resources Agency shall direct the Controller to pay annually out of the funds

appropriated by Section 16140, to each eligible county, city, or city and county, the following amounts for each acre of land within its regulatory jurisdiction that is assessed pursuant to Section 423, 423.3, 423.4, or 423.5, or Section 426 if it was previously assessed under Section 423.4, of the Revenue and Taxation Code:

(1) Five dollars (\$5) for prime agricultural land, as defined in Section 51201.

(2) One dollar (\$1) for all land, other than prime agricultural land, which is devoted to open-space uses of statewide significance, as defined in Section 16143.

(b) The amount per acre in paragraph (1) of subdivision (a) may be increased by the Secretary of the Natural Resources Agency to a figure which would offset any savings due to a more restrictive determination by the secretary as to what land is devoted to open-space use of statewide significance.

(c) The amount per acre in subdivision (a) shall only be paid for 10 years from the date that the land was first assessed pursuant to Section 426 of the Revenue and Taxation Code, if it was previously assessed under Section 423.4 of that code.

(d) Notwithstanding any other provision of law, for the 2008–09 fiscal year and each fiscal year thereafter, the Controller shall reduce, by 10 percent, any payment made pursuant to this section.

(e) Effective January 1, 2011, if the payment pursuant to this section for the previous fiscal year is less than one-half of the participating county's actual foregone general fund property tax revenue, the county may make a determination to implement subdivision (b) of Section 51244 and Section 51244.3. The implementation of these sections shall be suspended for any subsequent fiscal year in which the payment for the previous fiscal year exceeds one-half of the foregone general fund property tax revenue.

For purposes of this subdivision, a county's actual foregone property tax revenue shall be based on the county's respective share of the general property tax dollars as reflected in the most recent annual report issued by the State Board of Equalization or 20 percent, whichever is higher.

SEC. 2. Section 16142 of the Government Code, as added by Section 2 of Chapter 90 of the Statutes of 2011, is repealed.

SEC. 3. Section 16142.1 of the Government Code, as amended by Section 3 of Chapter 90 of the Statutes of 2011, is amended to read:

16142.1. (a) In lieu of the payments made pursuant to Section 16142, in a county that has adopted farmland security zones pursuant to Section 51296, the Secretary of the Natural Resources Agency shall direct the Controller to pay annually out of the funds appropriated by Section 16140, to each eligible county, city, or city and county, the following amount for each acre of land within its regulatory jurisdiction that is assessed pursuant to Section 423.4 or 426 of the Revenue and Taxation Code, if it was previously assessed under Section 423.4 of that code:

Eight dollars (\$8) for land that is within, or within three miles of the boundaries of the sphere of influence of, each incorporated city.

(b) The amount per acre in subdivision (a) shall only be paid for 10 years from the date that the land was first assessed pursuant to Section 426 of the Revenue and Taxation Code, if it was previously assessed under Section 423.4 of that code. The appropriation authorized by this subdivision shall not exceed one hundred thousand dollars (\$100,000) per year until 2005.

(c) Notwithstanding any other provision of law, for the 2008–09 fiscal year and each fiscal year thereafter, the Controller shall reduce, by 10 percent, any payments made pursuant to this section.

(d) Effective January 1, 2011, if the payment pursuant to this section for the previous fiscal year is less than one-half of the participating county's actual foregone general fund property tax revenue, the county may make a determination to implement subdivision (b) of Section 51244 and Section 51244.3. The implementation of these sections shall be suspended for any subsequent fiscal year in which the payment for the previous fiscal year exceeds one-half of the foregone general fund property tax revenue.

For purposes of this subdivision, a county's actual foregone property tax revenue shall be based on the county's respective share of the general property tax dollars as reflected in the most recent annual report issued by the State Board of Equalization or 20 percent, whichever is higher.

SEC. 4. Section 16142.1 of the Government Code, as added by Section 4 of Chapter 90 of the Statutes of 2011, is repealed.

SEC. 5. Section 51244 of the Government Code, as amended by Section 5 of Chapter 90 of the Statutes of 2011, is amended to read:

51244. (a) Each contract shall be for an initial term of no less than 10 years. Each contract shall provide that on the anniversary date of the contract or such other annual date as specified by the contract a year shall be added automatically to the initial term unless notice of nonrenewal is given as provided in Section 51245.

(b) (1) If the county makes a determination pursuant to subdivision (e) of Section 16142 or subdivision (d) of Section 16142.1, contracts shall be for a term of no less than 9 years for contracts currently 10 years in length or 18 years for contracts currently 20 years in length, as the case may be. For new contracts entered into during a year in which this subdivision is in effect, the initial contract length shall be either 9 or 18 years. Each contract shall provide, except in the initial year of the determination, that on the anniversary date of the contract or such other annual date as specified by the contract, a year shall be added automatically to the initial term unless notice of nonrenewal is given as provided in Section 51245.

In any subsequent year during the reduced term of contract in which increased revenue is not realized by the county pursuant to Section 51244.3, 2 or 3 additional years shall be added to the contract on the next anniversary date, as necessary, to restore the contract to its full 10-year or 20-year contract length.

(2) In any year in which this subdivision is implemented, the county shall record a notice that states the affected parcel number or numbers and current owner's names, or, alternatively, the same information for those parcels that are not affected.

(3) An addition to the assessed value shall be conveyed to the auditor, consistent with the 10-percent reduction in the length of the restriction, equal to 10 percent of the difference between the valuation pursuant to Section 423, 423.3, 423.4, or 423.5 of the Revenue and Taxation Code, as applicable, and the valuation under subdivision (b) of Section 51 or Section 110.1 of the Revenue and Taxation Code, whichever is lower. If the valuation under subdivision (b) of Section 51 or Section 110.1 of the Revenue and Taxation Code is lower, the addition to the assessed value shall be zero. The increased amount of tax revenue that results from the

decrease in restriction shall be separately displayed on the taxpayer's annual bill.

(4) A landowner may elect to serve notice of nonrenewal instead of accepting a 9-year or 18-year contract, as the case may be. In that case, the additional assessed value shall not be added to the property as provided for in paragraph (3).

For purposes of this subdivision, a landowner may serve notice of nonrenewal at any time. However, a landowner who withdraws that notice prior to the effective date shall be subject to term modification and additional assessed value. Once served and effective, a landowner nonrenewal notice may not be withdrawn except for cause and with the consent of the county. A county may adopt amendments to its uniform rules to facilitate implementation of this subdivision during the 2011–12 fiscal year, and thereafter as necessary.

(5) In addition to any other notice requirements, a county shall provide a landowner under contract with timely written notice of all of the following:

(A) Any initial hearing by the county on a proposal to adopt or rescind the implementation of this subdivision.

(B) Any final decision regarding the adoption or rescission of implementation of this subdivision.

(C) The landowner's right to prevent the reduction in the term of his or her contract pursuant to this subdivision by serving notice of nonrenewal as specified by Section 51245. This notice may be combined with the county's notice in subparagraph (B).

(6) A county shall not modify or revalue a landowner's contract pursuant to this subdivision unless the landowner is given at least 90 days' notice of the opportunity to prevent the modification and revaluation by serving notice of nonrenewal and the landowner fails to serve notice of nonrenewal. The county may use the primary owner of record from the assessment roll to identify landowners entitled to receive notice under this subdivision. A landowner shall be advised of the landowner's right to avoid continued imposition of this subdivision in any future year and thereafter by serving a notice of nonrenewal for that contract year. Failure of the landowner to serve timely notice of nonrenewal in any year shall be considered implied consent to the implementation of this subdivision for that year.

The 90-day notice requirement may be reduced to 60 days if the county adopts a procedure to allow landowners to serve a notice of nonrenewal until February 1, 2012.

(7) This subdivision shall not apply to any of the following:

(A) Contracts that have been nonrenewed.

(B) Contracts with cities.

(C) Open-space or agricultural easements.

(D) Scenic restrictions.

(E) Wildlife habitat contracts.

(F) Atypical term contracts, including, but not limited to, 20-year initial term contracts declining to 10 years, or reencumbrances pursuant to Section 51295, if the county's board of supervisors determines the application of this subdivision to them would be inequitable or administratively infeasible.

SEC. 6. Section 51244 of the Government Code, as added by Section 6 of Chapter 90 of the Statutes of 2011, is repealed.

SEC. 7. Section 51244.3 of the Government Code is amended to read:

51244.3. (a) This section shall apply to properties under a 9-year or 18-year contract, as the case may be, pursuant to subdivision (b) of Section 51244. Notwithstanding any other provision to the contrary, increased revenues generated by those properties shall be allocated exclusively to the respective counties in which those properties are located.

(b) This section shall only apply if the county makes a determination pursuant to either Section 16142 or 16142.1.

SEC. 8. Section 51244.4 of the Government Code is repealed.

Approved \_\_\_\_\_, 2014

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*Governor*